



May 27, 2019

WITH PREJUDICE

Hon. Caroline Mulroney
c/o Paul Boniferno, Deputy Attorney General
McMurtry-Scott Building, 11th Floor
720 Bay Street
Toronto, ON M7A 2S9

Mr. Terry Burgoyne
Osler, Hoskin & Harcourt LLP
100 King Street West
First Canadian Place
Suite 6200, P.O. Box 50
Toronto, ON M5X 1B8

RE: Legislation Introduced Relating to the Beer Industry

Dear Minister Mulroney and Mr. Burgoyne:

We are writing to you as legal counsel to the Government of Ontario on behalf of our clients, Labatt Brewing Company Limited and Molson Canada 2005, who along with Sleeman Breweries Ltd. and Brewers Retail Inc. are the non-governmental signatories (collectively the "Signatories") to the 2015 Master Framework Agreement (the "MFA") with Her Majesty the Queen in Right of Ontario (the "Province"), in relation to the Province's introduction today of legislation which purports to terminate the MFA.

The MFA was negotiated with the Province in 2015 to enhance customer convenience, choice and shopping experience, while continuing to ensure that consumers in Ontario can purchase beer at prices below the Canadian average and to enhance the beer retailing system for all brewers selling beer in Ontario (see MFA section E, Recitals). The Bill will destroy those benefits, legislate 7,000 Ontario-based The Beer Store employees out of work and cause billions of dollars in damages to the Signatories, and result in higher costs and prices for consumers.

Our clients are significant employers in Ontario and across Canada and have invested significantly in Ontario. The Beer Store is owned by more than 30 Ontario based brewers.

The Signatories reserve the right to commence litigation to challenge the Bill, and seek compensation, including on the basis that the legislative process has been improperly used by third party interests, the Bill is unconstitutional and constitutes misfeasance in public office by certain Ministers and officials involved, and such other grounds as may be advised.

We require that you preserve all records in any format, including text messages and emails to personal, constituency, campaign or Progressive Conservative party email accounts, including all records of Premier Ford, Ministers Fedeli, Mulroney, and Bethlenfalvy, as well as Dean French, Mitch Davidson, Dan Miles, Ken Hughes, Michael Bernstein, Jake Gregory and any other relevant personnel, relating to the decision to introduce this bill, including any communications with the Ontario Convenience Store Association, Retail Council of Canada, Alcanna, grocers, convenience stores, Ontario Craft Brewers or any other party that has been involved in, encouraging, lobbying, or inducing the Province to take this step.

Nothing in this letter shall be construed as a waiver of, or operate to waive or modify, any rights or entitlements of the Signatories or its affiliates under any applicable law.

Yours very truly,

A handwritten signature in blue ink, appearing to be 'B. Facey'.

Brian Facey

Blake, Cassels & Graydon LLP
Counsel for Labatt

A handwritten signature in blue ink, appearing to be 'S. McKersie'.

Stephen McKersie

Gowling WLG
Counsel for Molson

cc. Michael Bernstein, Lead Negotiator
Jake Gregory, Director, Alcohol and Cannabis Policy, Ministry of Finance
Tony Golding, Senior Counsel, Ministry of Finance
Ken Hughes, Special Advisor for Beverage Alcohol Review